

**Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**Hearing on “Keeping the Promise: Allowing Seniors to Keep Their Medicare**  
**Advantage Plans If They Like Them”**  
**Subcommittee on Health**  
**March 13, 2014**

The topic of today’s hearing started out as a look at Medicare Advantage. But now we are also considering a hodge podge of GOP bills that do not improve the Medicare Advantage program. I will return to those bills, but first I want to focus on the state of the Medicare Advantage program itself.

In the five years since the enactment of the Affordable Care Act, the Obama Administration has accomplished what the Republicans couldn’t accomplish in the 12 preceding years – even with tens of billions of overpayments that drained the Medicare Trust Fund.

As a result of the ACA, the Medicare Advantage program is stronger than ever. Enrollment is at an all-time high and growing, premiums have declined, and benefits have improved along with the health of the Medicare Trust fund – while we have reduced overpayments and improved efficiency.

Chicken Little, the sky is NOT falling.

Mr. Chairman, I want to put a Democratic Staff memo into the record that details this history of exaggerated claims by some in the industry and critics of the ACA.

Since the ACA was enacted, premiums are down by 10% and enrollment is up by 30%. Since CMS released its 2015 payment notice, independent analysts and the financial markets have expressed an optimistic view of Medicare Advantage plans. Insurance company stocks have risen rapidly and Medicare Advantage is poised for growth, even as we gradually reduce the overpayments they have received for years.

Why did the ACA address Medicare Advantage over-payments? At the time, Medicare was paying on average **\$800 more per year** for beneficiaries enrolled in private plans. Those excess payments drained the Trust Fund and drove up costs for all of Medicare.

Even today, the overpayments are not yet completely phased out, and this year alone Medicare is paying on average 106% more than for care in Medicare Advantage. And as a result, ALL beneficiaries pay higher Part B premium costs.

Seniors also didn’t have a lot of confidence in the Medicare Advantage program before the ACA. Too many plan choices made picking one confusing. Differences among plans – on quality or value – were too difficult to discern. Consumer confidence was not strong as patients had no guarantee plans were even spending a minimum amount of their premiums on medical care.

The ACA and the Obama Administration addressed that situation too.

We need Medicare to be solvent for beneficiaries today and in the future. That's what the ACA did, and the Administration should be staying the course to improve quality and value.

Some of the bills considered today turn back the clock on Medicare Advantage.

The two tax bills would encourage healthier and wealthier people to switch to high-deductible health plans for tax sheltering purposes.

Another bill would bar CMS from disapproving private insurance company marketing material – no matter how misleading, incomplete, or biased. A fourth bill would reinstate the second open enrollment period for Medicare Advantage – which was eliminated because it caused confusion for beneficiaries. And finally one of the bills eliminates the ACA's cost sharing reductions, which provide critical protections for lower income Americans, with the vague goal of giving those funds to Medicare Advantage plans.

All of these bills have significant problems and I cannot support them as drafted.

I hope today's hearing takes an honest look at the healthy state of the Medicare Advantage program. Demonizing the Affordable Care Act and falsely claiming that the sky is falling is not a productive use of our time.